MANY IMPORTANT RECOMMENDATIONS

Outlines Our Policy in China-Approves of Ship Subsidy-Proposes Legislation for the Philippines and Asks Ratification of Hay-Pauncefote Treaty.

Washington, Dec. 4 .- The following is a comprehensive synopsis of the president's annual message to congress: The president gives first place in his message to the troubles in China, and our connection with the allied forces operating there. He reviews the causes leading up to the Boxer outbreak, and the first murders of foreigners in Chinese territories. In this connection he

The increasing gravity of the conditions in China and the imminence of peril to our own diversified interests in the empire, as well as to those of all the other treaty governments, were soon appreciated by this government, causing it profound solicitude. The United States from the earliest days of foreign intercourse with China had followed a policy of peace, omitting no occa-sions to testify good will, to further the extension of lawful trade, to respect the sovereignty of its government, and to in-sure by all legitimate and kindly but earn-est means the fullest measure of protec-tion for the lives and property of our law-abiding citizens and for the exercise of their beneficent callings among the Chinese

people.

Mindful of this, it was felt to be appropriate that our purposes should be pro-nounced in favor of such course as would hasten united action of the powers at Peking to promote the administrative reforms so greatly needed for strengthening the imperial government and maintaining the integrity of China, in which we believed the whole western world to be alike concerned. To these ends I caused to be addressed to the several powers occupying territory and maintaining spheres of influence in China the circular proposals of 1899, inviting from them declarations of their intentions and views as to the desirability of the adoption of measures insuring the benefits of equality of treatment of all foreign trade throughout China.

Proposals Well Received. With gratifying unanimity the re-sponses coincide in this common policy, enabling me to see in the successful termination of these negotiations proof of the friendly spirit which animates the various powers interested in the untrammeled development of commerce and industry in the Chinese empire as a source of vast benefit to the whole commercial world.
In this conclusion, which I had the grat-

in this conclusion, which I had the gratification to announce as a completed engagement to the interested powers on March 20, 1900, I hope was fully discerned a potential factor for the abatement of the distrust of foreign purposes which for a year past had appeared to inspire the policy of the imperial government, and for the effective exertion by it of power and authority to quell the critical anti-foreign movement in the northern provnces most immediately influenced by the Manchu sentiment. Seeking to testify confidence in the

willingness and ability of the imperial administration to redress the wrongs and prevent the evils we suffered and feared. marine guard, which had been sent to Peking in the autumn of 1899 for the protection of the legation, was withdrawn at the earliest practicable moment, and all pending questions were remitted, as far as we were concerned, to the or-dinary resorts of diplomatic intercourse. Vigor of the Siege.

The history of the efforts made at re-leving the beleaguered legationers in Peing is thoroughly covered; no important detail is lacking, and every engagement with the Chinese forces is mentioned, whether our forces were engaged or not. To show the vigor with which the slege of the legations was pushed by the Chinese he quotes reports from Minister Conger, as follows: nese he quotes reports from Minister Conger, as follows:

"From June 20 until July 17," writes Minister Conger, "there was scarcely an hour during which there was not firing upon some part of our lines and into some of the legations, varying from a single shot to a general and continuous attack along the whole line." Artillery was placed around the legations and on the overlooking palace walls, and thousands of three-inch shells were fired, destroying some buildings and damaging all. So thickly did the balls rain that, when the ammunition of the besieged ran low, five quarts of Chinese builtets were gathered in an hour in one compound and recast.

Attempts were made to burn the lega-

and recast.

Attempts were made to burn the legations by setting neighboring houses on fire, but the flames were successfully fought off, although the Austrian, Belgian, Italian and Dutch legations were then and subsequently burned. With the aid of the native converts, directed by the missionaries to whose helpful coopthe missionaries, to whose helpful cooperation Mr. Conger awards unstinted praise, the British legation was made a veritable fortress. The British minister, Sir Claude Macdonald, was chosen general commander of the defense, with the secretary of the American legation, Mr. E. G. Squiers, as chief of staff.

Defense of the Legationers. To save life and ammunition the besieged sparingly returned the incessant fire of the Chinese soldiery, fighting only to repel attack or make an occasional successful sortie for strategic advantage, such as that of 55 Americans, British and Russian marines led by Capt. Myers, of the United States marine corps, which resulted in the capture of a formidable barricade on the wall that gravely menaced the American position. It was held to the last, and proved an invaluable acquisition, because commanding the water gate through cause commanding the water gate through which the relief column entered. During the siege the defenders lost 65

killed, 135 wounded and seven by disease— the last all children.

On July 14 the besieged had their first communication with the tsung-li-yamen, from whom a message came inviting to a conference, which was declined. Correspondence, however, ensued and a sort of armistice was agreed upon, which stopped the bombardment and lessened the rifle fire for a time. Even then no protection what-ever was afforded, nor any aid given, save to send to the legations a small supply of fruit and three sacks of flour. Duplicity of Chinese Government.

Indeed, the only communication had with the Chinese government related to the occasional delivery or dispatch of a telegram or to the demands of the tsung-li-yamen for the withdrawal of the legation to the coast under escort. Not only are the protestations of the Chinese government that it protected and succored the legations positively contradicted, but irresistible proof accumulates that the attacks upon them were made by imperial troops, regularly uniformed, armed and officered, belonging to the command of Jung Lu, the imperial commander in chief. Decrees encasional delivery or dispatch of a telegram longing to the command of Jung Lu, the imperial commander in chief. Decrees encouraging the Boxers, organizing them under prominent imperial officers, provisioning them, and even granting them large sums in the name of the empress dowager, are known to exist. Members of the tsung-li-yamen who counseled protection of the foreigners were beheaded. Even in the distant provinces men suspected of foreign sympathy were put to death, prominent among these being Chang Yen-Hoon, formerly Chinese minister in Washington. With the negotiation of the partial armistice of July 14, a proceeding which was With the negotiation of the partial armistice of July 14, a proceeding which was doubtless promoted by the representations of the Chinese envoy in Washington, the way was opened for the conveyance to Mr. Conger of a test message sent by the secretary of state through the kind offices of Minister Wu Ting-Fang. Mr. Conger's reply, dispatched from Peking on July 18 through the same channel, afforded to the outside world the first tidings that the inmates of the legations were still alive and hoping for succor.

Preparations for Relief.

Our Chinese Policy.

The policy of the United States through all this trying period was clearly announced and scrupulously carried out. A circular note to the powers, dated July 3, proclaimed our attitude. Treating the condition in the north as one of virtual anarchy, in which the great provinces of the south and southeast had no share, we regarded the local authorities in the latter quarters as representing the Chinese people with whom we sought to remain in peace and friendship. Our declared aims involved no war against the Chinese nation. We adhered to the legitimate office of rescuing the imperied legation, obtaining rodress for wrongs already suffered, securing wherever possible the safety of American life and property in China, and preventing a spread of the disorders or their recurrence. Our Chinese Policy.

As was then said, "the policy of the government of the United States is to seek a solution which may bring about permanent safety and peace to China, preserve Chinese territorial and administrative entity, protect all rights guaranteed to friendly powers by treaty and international law, and safeguard for the world the principle of equal and impartial trade with all parts of the Chinese ennire."

empire."

Faithful to those professions which, as it proved, reflected the views and purposes of the other cooperating governments, all our efforts have been directed toward. ending the anomalous situation in China by negotiations for a settlement at the earliest possible moment. As soon as the sacred duty of relieving our legation and its dependents was accomplished we with-drew from active hostilities, leaving our legation under an adequate guard in Pe-king as a channel of negotiation and set-tlement—a course adopted by others of the interested powers. Overtures of the empowered representatives of the Chi-nese emperor have been considerately en-tertained.

tertained. Accepted Russia's Proposition. The Russian proposition looking to the restoration of the imperial power in Pe

king has been accepted as in full con-sonance with our own desires, for we have held and hold that effective reparation for wrongs suffered and an enduring settlement that will make their recurrence impossible can best be brought about under an authority which the chinese nation reverences and obeys. While so doing we forego no jot of our undoubted right to exact exemplary and deterrent punisament of the responsible authors and abettors of the criminal acts whereby we and other nations have suffered grievous injury. For the real culprits, the evil counselors who have misled the imperial judgment and diverted the sovereign authority to their own guilty ends, tuil expiation becomes imperative within the rational limits of retributive justice. Regarding this as the initial condition of an acceptable settlement between China and the powers, I said in my message of October 18 to the Chinese emperor.

nese emperor:
"I trust that negotiations may begin so soon as we and the other offended governments shall be effectively satisfied of your majesty's ability and power to treat with just sternness the principal offenders, who are doubly culpable, not alone toward the foreigners, but toward your majesty, under whose rule the purpose of China to dwell in concord with the world had hitherto found expression in the welcome and erto found expression in the welcome and protection assured to strangers. The Peace Negotiations.

Taking, as a point of departure, the im-perial edict appointing Eart Li Hung Chang and Prince Ching plenipotentiaries to ar-range a settlement, and the edict of Sep-temper 25, whereby certain high officials were designated for punishment, this government has moved, in concert with the other powers, toward the opening of negotiations, which Mr. Conger, assisted by Mr. Rockhill, has been authorized to conduct on behalf of the United Staes.

General bases of negotiation formulated by the government of the French republic have been accepted with certain reservahave been accepted with certain reserva-tions as to details, made necessary by our own circumstances, but, like similar res-ervations by other powers, open to dis-cussion in the progress of the negotiations. The disposition of the emperor's govern-ment to admit liability for wrongs done to foreign governments and their nationals, and to act upon such additional designa-

and to act upon such additional designa-tion of the guilty persons as the foreign ministers at Peking may be in a position to make, gives hope of a complete settle-ment of all questions involved, assuring foreign rights of residence and intercourse on terms of equality for all the world. Foundation of Durable Peace. I regard as one of the essential factors of

durable adjustment the securement of dequate guarantees for liberty of faith, since insecurity of those natives who may embrace alien creeds is a scarcely less of fectual assault upon the rights of foreign worship and teaching than would be the direct invasion thereof.

The matter of indemnity for our wronged Itizens is a question of grave concern. Jeasured in money alone, a sufficient Measured in money alone. reparation may prove to be beyond the ability of China to meet. All the powers concur in emphatic disclaimers of any pur of aggrandizement through the dis memberment of the empire. I am dispose to think that due compensation may be made in part by increased guarantees of security for foreign rights and immunities, and, most important of all, by the opening of China to the equal commerce of all the world. These views have been and will be earnestly advocated by our repre

sentatives. The government of Russia has put forward a suggestion that in the event of protracted divergence of views in regard to indemnities the matter may be relegated to the court of arbitration at The Hague. I favorably incline to this, believing that high tribunal could not fail to reach a solution no less conducive to the stability and enlarged prosperity of China itself than immediately beneficial to the powers.

First Piace at Paris. Our relations with other countries are gone into in detail. The Paris exposition is referred to as offering an opportunity for a display of the good will existing between this country and France. He notes that there were many drawbacks to a proper exhibition of American products, but says:

Despite all these drawbacks the contribution of the United States was not only the largest foreign display, but was among the earliest in place and the most

among the earliest in place and the mos orderly in arrangement. Our exhibits were shown in 101 out of 121 classes, and more completely covered the entire classimore completely covered the entire classification than those of any other nation. In total number they rank next after those of France, and the attractive form in which they were presented secured general attention.

A criterion of the extent and success of our participation and of the thoroughness with which our exhibits were organized is seen in the awards granted to American exhibitors by the international

and at the hands of juries almost made up of representatives of France and other competing countries is not only most gratifying, but is especially valuable, since it sets us to the front in international questions of supply and demand, while the large proportion of awards in the classes of art and artistic manufactures afforded unexpected proof of the stimulation of national culture by the prosperity that flows from national productiveness joined to industrial ex-

Apart from the exposition several occa-sions for showing international good will occurred. The inauguration in Paris of the Lafayette monument, presented by the school children of the United States, and the designing of a commemorative coin by our mint and the presentation of the first piece struck to the president of the republic, were marked by appropri-

Relations with Germany. Of our relations with Germany the pres ident says good will prevails. He advises congress that the question of the admis-sion of our life insurance companies to do business in that country has been reached and the companies admitted. Of the meat inspection law of Germany he

An imperial meat inspection law has An imperial meat inspection law has been enacted for Germany. While it may simplify the inspection, it prohibits certain products heretofore admitted. There is still great uncertainty as to whether our well-nigh extinguished German trade in meat products can revive under its new burdens. Much will depend upon regulations not yet promulgated, which we confidently hope will be free from the discriminations which attended the enforcement of the old statutes.

The settlement of the Samoan problem. enforcement of the old statutes.

The settlement of the Samoan problem, to which I adverted in my last message, has accomplished good results. Peace and contentment prevail in the islands, especially in Tutulia, where a convenient administration that has won the confidence and esteem of the kindly disposed natives has been organized under the direction of the commander of the United States naval station at Pago-Pago.

The Alaskan Boundary.

The Alaskan Boundary. In connection with our relations with England he refers to the partial settle-ment of the Alaskan boundary dispute, and urges such action as shall defi-nitely settle this vexing question by say-

All the preparations for relief by the combined powers are gone into, and when that object was finally accomplished on August 14 the conditions met with in Peking are described as follows:

The imperial family and the government had fied a few days before. The city was without visible control. The remaining imperial soldiery had made on the night of the 13th a last attempt to exterminate the besieged, which was gallantly repelled. It fell to the occupying forces to restore order and organize a provisional administration.

England he refers to the partial settlement of the Alaskan boundary dispute, and urges such action as shall definitely settle this vexing question by saying:

In this relation I may refer again to the need of definitely marking the Alaskan boundary where it follows the one hundred and forty-first meridian. A convention to that end has been before the senate for some two years, but as no action has been two years, but as no action has been two years, but as no action has been very ention for a joint determination of the meridian by telegraphic observations. These, it is believed, will give more accurate and unquestionable results than the meridian by telegraphic observations. These, it is believed, will give more accurate and unquestionable results than the sidereal methods heretofore independently followed, which, as is known, proved dis-crepant at several points on the line, al-though not varying at any place more than

A review of the incidents connected with our shipping to South African points is given, and he says that in this connection vexatious questions arose through Great Britain's action in respect to neutral cargoes, not contraband in The War in South Africa. to neutral cargoes, not contraband in their own nature, shipped to Portuguese South Africa, on the score of probable or uspected ultimate destination to the Boe

Of the final settlement of this question he says: Such consignments in British ships, by which alone direct trade is kept up be-tween our parts and Southern Africa,

vere seized in application of a municipa aw prohibiting British vessels from tradaw prohibiting British vessels from trading with the enemy without regard to any ontraband character of the goods, while cargoes shipped to Delagoa Bay in neutral bottoms were agressed on the ground of alleged destination to enemy's country. Appropriate representations on our part resulted in the British government agreeing to purchase outright all such goods shown to be actual preparty of american hown to be actual property of American itizens, thus closing the incident to the attisfaction of the immediately interest-d parties, although, unfortunately, without a broad settlement of the question of a neutral's right to send goods not contraband per se to a neutral port adjacent to a belligerent area. Relations with Italy.

The lynching of the Italians in Louisiana is the one question standing between this government and Italy. That coun-try is still waiting for the punishment of the parties guilty of that crime. The president says that successive grand juries have failed to find indictments, and says: Setting the principle at issue high above all consideration of merely pecuniary indemnification, such as this government made in the three previous cases, Italy has solemnly invoked the pledges of existing treaty and asked that the justice to which she is entitled shall be meted in regard to her unfortunate countrymen in our territory with the same full mean in our territory with the same full meas-ure she herself would give to any Amer-ican were his reciprocal treaty rights con-

I renew the urgent recommendations I made last year that the congress appropriately confer upon the federal courts jurisdiction in this class of international the federal government may be involved, and I invite action upon the bills to accomplish this which were introduced in the senate and house. It is incumbent upon us to remedy the statutory omission which cases where the ultimate responsibility of senate and house. It is incumbent upon us to remedy the statutory omission which has led, and may again lead, to such un-toward results. I have pointed out the necessity and the precedent for legislation of this character. Its enactment is a simple measure of previsory justice toward the nations with which we as a sovereign equal make treaties requiring reciprocal observ-

While the Italian government naturally regards such action as the primary, and, indeed, the most essential element in the disposal of the Tallulah incident, I advise that, in accordance with precedent, and in view of the improbability of that particular case being reached by the bill now pending, congress make gracious provision for indemnity to the Italian sufferers in the same form and proportion as heretofore.

Lynching. In my inaugural address I referred to the general subject of lynching in these words: "Lynching must not be tolerated in a great and civilized country like the United States; courts, not mobs, must execute the penalties of the law. The preservation of public order, the right of discussion, the integrity of courts, and the orderly administration of justice must continue forever the rock of safety upon which our government securely This I most urgently reiterate, and

again invite the attention of my countrymen to this reproach upon our civiliza-To Regulate the Liquor Traffic. We have been urgently solicited by Belglum to ratify the international convention of June, 18.9, amendatory of the previous convention of 1890 in respect to the regula-tion of the liquor trade in Africa. Com-pliance was necessarily withheld, in the absence of the advice and consent of the senate thereto. The principle involved has the cordial sympathy of this government, which in the revisionary negativities of which in the revisionary negotiations advocated more drastic measures, and I would gladly see its extension, by international agreement, to the restriction of the liquor traffic with all uncivilized peoples, especially in the western Pacttic. Japan's Advancement.

The closing year has witnessed a de-cided strengthening of Japan's relations dependent judicial and administrative functions under the treaties which took effect July 17, 1839, has proceeded with-out international friction, showing the ompetence of the Japanese to hold a premost place among the modern peo-In the treatment of the difficult Chinese problems, Japan has acted in harmonious concert with the other powers, and her enerous cooperation materially aided in he joint relief of the beleaguered lega-tions in Pekng and in bringing about an understanding preliminary to a settle-ment of the issues between the powers tegrity of the Chinese emperor and the conservation of open world trade there-with have been trank and positive. As

a factor for promoting the general in-terests of peace, order and fair commerce in the far cast, the influence of Japan can hardly be overestimated. American Indemnity Claims. The pending claim of R. H. May against the Guatemaian government has been set-tled by arbitration, Mr. George F. B. Jenner, British minister at Guatemala, who was chosen as sole arbitrator, having awarded \$143,750.73 in gold to the claimant.

Various American claims against Hayti have been or are being advanced to the re-

sort of arbitration.

As the result of negotiations with the government of Honduras in regard to the indemnity demanded for the murder of Frank H. Pears in Honduras, that government has paid \$10,000 in settlement of the claim of the heirs. assassination of King Humbert called forth sincere expressions of sorrow

from this government and people, and oc-casion was fitly taken to testify to the Italian nation the high regard here felt for the memory of the lamented ruler. Delagon Bay Award. The long-standing contention with Por-

tugal, growing out of the seizure of the Deiagoa Bay railway, has been at last determined by a favorable award of the tribunal of arbitration at Berne, to which it was submitted. The amount of the award, which was deposited in London awaiting arrangements by the governments of the United States and Great British to the disposal has recently been paid. in for its disposal, has recently been paid over to the two governments. Ratification of Hague Convention.

The ratification of The Hague peace onvention is referred to as follows: It is with satisfaction that I am able to announce the formal notification at The Hague, on September 4, of the deposit of ratifications of the convention for the pacific settlement of international disputes by 16 powers, namely: the United States, Austria, Belgium, Denmark, England, France Germany, Italy, Persia, Portugal, Rou-mania, Russia, Siam, Spain, Sweden and Norway, and the Netherlands. Japan also has since ratified the convention. The Nicarauguan Canal.

He advocates the speedy building of the Nicaraguan canal, and recommends the ratification of the Hay-Pauncefote treaty. On this subject he says: The all-important matter of an inter-oceanic canal has assumed a new phase. Adhering to its refusal to reopen the ques-tion of the forfeiture of the contract of the Maritime Canal company, which was terminated for alleged hon-execution in October, 1859, the government of Nicara-gua has since supplemented that action by declaring the so-styled Eyre-Cramin option void for nonpayment of its stipu-lated advance. Protests in relation to these acts have been filed in the state department and are under consideration. Deeming itself relieved from existing en-gagements, the Nicaraguan government shows a disposition to deal treely with the canal question either in the way of negotiations with the United States or by taking measures to promote the waterway. Overtures for a convention to effect the building of a canal under the auspices of the United States are under consideration. In the meantime the congress upon the general and, in the light of the report of the comparative merits of the various trans-isthmian ship-canal projects, may be awaited.

I commend to the early attention of the second the convention with Great Britain

as of the senate the convention with Great Britain to facilitate the construction of such a canal and to remove any objection which might arise out of the convention com-monly called the Clayton-Bulwer treaty. New Treaty with Spain. Of our relations with Spain he says a

Of our relations with Spain he says a new convention of extradition is approaching completion and trusts that a commercial convention may follow. Of Spain's claim to a number of the islands in the Philippine group not covered by the Parls treaty he says:

By the terms of the treaty of peace the line bounding the ceded Philippine group in the southwest failed to include several small islands lying west of the Sulus, which have always been recognized as under Spanish control. The occupation of Sibutu and Cagayan Sulu by our naval forces elicited a claim on the cupation of Sibutu and Cagayan Sulu by our naval forces elicited a ciaim on the part of Spain, the essential equity of which could not be gainsaid. In order to cure the defect of the treaty by removing all possible ground of future misunderstanding respecting the interpretation of its third article. I directed the negotiation of a supplementary treaty, which will be forthwith laid before the senate, whereby Spain quits all title and claim to the Islands named, as well as to any and all Islands belonging to the Philippine archipelago lying outside the lines ascribed in said third article, and agrees that all such islands shall be comprehended in the cession of the archipelago as fully as if they had been expressly included within those lines. In consideration of this cession the United States is to pay to Spain the sum of \$100,000. our naval forces elicited a claim on the

se of the sultan to make reparation for the injuries suffered by American cit-izens in Armenia and elsewhere in the Turkish empire. His majesty's good dis-position in this regard has been evinced by the issuance of an irade for rebuild-ing the American college at Harpoot. Would Extend Reciprocity.

He urges the approval of the commer-cial conventions entered into between this government and other powers as soon as possible that the agricultural and other industries of the country may profit hereby. Continuing on this subject he The policy of reciprocity so manifestly rests upon the principles of international equity and has been so repeatedly approved by the people of the United States, that there cupht to be no hesitation in either branch of the congress in giving to it full effect.

Exposition at Buffalo. The exposition of the resources and roducts of the western hemisphere to be held at Buffalo next year promises impor-tant results not only for the United States but for the other participating countries. It is gratifying that the Latin-American states have evinced the liveliest interest, and the fact that an international Ameri-can congress will be held in the City of Mexico while the exposition is in progress encourages the hope of a larger display at Ruffalo than might otherwise be practicable. The work of preparing an exhibit of our national resources is making satisfac-tory progress under the direction of dif-ferent officials of the federal government, and the various states of the union have shown a disposition toward the most lib-

eral participation in the enterprise. Our Financial Showing. The president points with much pride to the showing made by the treasury de-partment and quotes exhaustively from the report of Secretary Gage. He shows the surplus for the year to be \$79.527,060.18, and estimates the surplus of the coming year at \$80,600,000. He says the present condition of the treasury is one of uncoubted strength.

The available cash balance November 30 was \$139,363,794.50. Under the form of statement prior to the financial law of March 14 fast this would have been included in the statement of available cash gold coin and builion held for the redemp-

ion of United States notes. Further Financial Legislation. He recommends further financial legisation in the following words: It will be the duty as I am sure it will be the disposition of the congress to pro-vide whatever further legislation is needto insure the continued parity under conditions between our two forms of metallic money, silver and gold.
Our surplus revenues have permitted the secretary of the treasury since the close of the fiscal year to call in the funded loan of 1891 continued at two per cent, in the sum of \$25,364,500. To and including November 30, \$23,458,100 of these bonds have been paid. This sum, together with the amount which may accrue from further redemptions under the call, will be applied to the sinking fund. iled to the sinking fund. law of March 14, 1900, provided for

The law of March 14, 1900, provided for refunding into two per cent. 30-year bonds, payable, principal and interest, in gold coin of the present standard value, that portion of the public debt represented by the three-per-cent. bonds of 1908, the four-per-cents of 1907 and the five-per-cents of 1907 and the five-per-cents of 1907 and the five-per-cents of 1908, there was outstanding at the date of said law \$839,149,-1830. The holders of the old bonds presented them for exchange March 14 and November 14 and November 1909. hem for exchange March 14 and November 30 to the amount of \$384.943,750. net saving to the government on these transactions aggregates \$9.106.166.

Banking Facilities Extended. The beneficial effect of the financial act of 1900, so far as it relates to the modification of the national banking act, is already appearent. The provision for the incorporation of national banks with a capital of not less than \$65,000 in places not exceeding \$2,000 inhabitants has resulted in the extension of banking facilities to many small communities hitherto unable to provide themselves with banking institutions under the national system. There were organized from the enact-ment of the law up to and including November 30, 369 national banks, of which 6 were with capital less than \$50,000 and 03 with capital of \$50,000 or more. It is worthy of mention that the greater It is worthy of mention that the greater number of banks being organized under the new law are in sections where the need of banking facilities has been most pronounced. Iowa stands first, with 20 banks of the smaller class, while Texas, Oklahoma, Indian territory and the middle and western sections of the country have also availed themselves largely of the privileges under the new law.

Another effect of the operation, as stated by the secretary, is to reduce the charge Another effect of the operation, as stated by the secretary, is to reduce the charge upon the treasury for the payment of interest from the dates of refunding to February 1, 1904, by the sum of more than \$7.000,000 annually. From February, 1904, to July 1, 1907, the annual interest will be reduced by the sum of more than \$5,000,000, and for the 13 months ending August 1, 1908, by about \$1,000,000. The full details of the refunding are given in the annual report of the secretary of the treas-

annual report of the secretary of the treas-Our Foreign Trade,

Our Foreign Trade.

Our foreign trade shows a remarkable record of commercial and industrial progress. The total of imports and exports for the first time in the history of the country exceeds \$2,000,030,000. The exports are greater than they have ever been before, the total for the fiscal year 1900 being \$1.394,483,082, an increase over 1898 of \$167,459,780, an increase over 1898 of \$163,-000,752, over 1897 of \$343,489,526, and greater than 1896 by \$511,876,144.

The growth of manufactures in the United States is evidenced by the fact that exports of manufactured products largely exceed those of any previous year, their value for 1900 being \$433,851,756, against \$339,592,146 in 1899, an increase of 28 per cent.

8 per cent.
Agricultural products were also exported during 1890 in greater volume than in 1899, the total for the year being \$835,858,-123, against \$784,776,142 in 1899.

The imports for the year amounted to \$849,341,184, an increase over 1899 of \$152,-792,695. This increase is largely in materials for manufacture, and is in response to the repul development of manufacture. to the rapid development of manufactur-ing in the United States. While there was imported for use in manufacture in 1900 material to the value of \$79,768,972 in excess of 1899, it is reassuring to observe that there is a tendency toward decrease in the importation of articles manufactured ready for consumption, which in 1900 formed 15.17 per cent. of the total import, against 15.54 per cent. in 1899 and 21.09 per cent. in 1896.

The Internal Revenue Tax. I recommend that the congress at its present session reduce the internal rev-enue taxes imposed to meet the expenses war with Spain in the sum of \$30, This reduction should be secured by the remission of those taxes which exby the remission of those taxes which ex-perience has shown to be the most bur-densome to the industries of the people. I specially urge that there be included in whatever reduction is made the legacy tax, bequests for public uses of a literary, edu-cational or charitable character.

Recommends Ship Subsidy. American vessels during the past three years have carried about nine per cent.
If our exports and imports. Foreign ships
should carry the least, not the greatest,
part of American trade. The remarkable growth of our steel industries, the prog-ress of shipbuilding for the domestic trade, and our steadily maintained expenditures for the navy have created an opportuni-ty to place the United States in the first rank of commercial maritime powers. Besides realizing a proper national as Besides realizing a proper national as-piration this will mean the establishment and healthy growth along all our coasts of a distinctive national industry, expand-ing the field for profitable employment of labor and capital. It will increase the transportation facilities and reduce freight charges on the vast volume of products brought from the interior to the seaboard

for export, and will strengthen an arm of the national defense upon which the

founders of the government and their successors have relied. The Trust Question. The trust question receives the attention of the president, and he says:

"It is apparent that uniformity of legislation upon this subject in the several states is much to be desired. It is to be hoped that such uniformity, founded in a wise and just discrimination between what is injurious and what is useful and necessary in business operations, may be obsary in business operations, may be obtained, and that means may be found for the congress, within the limitations of its the congress, within the limitations of its constitutional power, so to supplement an effective code of state legislation as to make a complete system of laws throughout the United States adequate to compel a general observance of the salutary rules to which I have referred.

"Restraint upon such combinations as are injurious, and which are within federal jurisdiction, should be promptly applied by the congress."

The Philippines. Considerable attention is given the sub-ject of the Philippines, and in this con-nection the scope and work of the Philippine commission as outlined to the commissioners is fully outlined for the bene-fit of congress. Of the present condi-tions in the islands the president says: In my last annual message I dwelt at some length upon the condition of af-fairs in the Philippines. While seeking to impress upon you that the grave re-sponsibility of the future government of those islands rests with the congress of States is to pay to Spain the sum of 100,000.

Still Waiting on the Sultan.

Of the claims against Turkey he says:

We await the fulfillment of the prom
In those Islands rests with the congress of the secretary of war in his annual report is called to your earnest attention.

The Postal Service.

Under a discussion of the postal service is called to your earnest attention.

The Postal Service.

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rection continues, the military arm must necessarily be supreme. I stated my purpose, until the congress shall have made known the formal expression of its will, to use the authority vested in me by the constitution and the statutes to uphold the sovereignty of the United States in those distant islands as in all other places where our flag rightfully floats, piacing, to that end, at the disposal of the army and navy all the means which the liberality of the congress and the people have provided. No contrary expression of the will of the congress having been made, I have steadfastly pursued the purpose and the parameter of the service, so that the augmented revenues and the accomplished savings to evidences which point to these conclusions of the will of the congress having been made, I have steadfastly pursued the purpose so declared, employing the civil arm as well toward the accomplishment of pacification and the institution of local governments within the lines of author-

ity and law. We Are Making Progress. Progress in the hoped-for direction has been favorable. Our forces have suc-cessfully controlled the greater part of the islands, overcoming the organized forces of the insurgents and carrying order and administrative regularity to all quarters. What opposition remains is for the most part scattered, obeying no concerted plan of strategic action, operating only by the methods common to the tra-ditions of guerrilla warfare, which, while ineffective to alter the general control now established, are still sufficient to beget insecurity among the populations that have felt the good results of our control, and thus delay the conferment upon them of the fullest measures of local self-government, of education, and of industrial and agricultural development which we stand ready to give to them

be them.

By the spring of this year the effective opposition of the dissatisfied Tagais to the authority of the United States was virtually ended, thus opening the door for the extension of a stable administration over much of the territory of the archipelago. Desiring to bring this about, I appointed in March last a civil commission composed of Hon. William H. Taft, of Ohio; Prof. Dean C. Worcester, of Michigan; Hon. Luke E. Wright, of Tennessee: Hon. Henry C. Ide, of Vermont, and Prof. Bernard Moses, of California. The aims of their mission and the scope of their authority are clearly set forth in my instructions of April 7, 1900, addressed to the secretary of war to be transmitted to them.

Principles Are Appreciated

Principles Are Appreciated. Referring to the manner in which the work of the commission upon the lines laid down in his instructions to them has been received by the people of the Philippines, the president says:

It is evident that the most enlightened thought of the Philippine Islands fully appreciates the importance of these principles. preciates the importance of these pr ples and rules, and they will inevitably within a short time command universal assent. Upon every division and branch of the government of the Philippines, therefore, must be imposed three inviolable rules.

That no person shall be deprived of life iberty, or property without due process of law; that private property shall not be taken for public use without just compensation; that in all criminal prosecutions the accused shall enjoy the right to a speedy and public trial, to be informed of the nature and cause of the accusation, to be confronted with the witnesses against him, to have compulsory process for ob-taining witnesses in his favor, and to have the assistance of counsel for his defense; that excessive ball shall not be required, nor excessive fines imposed, nor cruel and unusual punishment inflicted; that no person shall be put twice in jeopardy for the same offense, or be compelled in any crim-inal case to be a witness against himself; that the right to be secure against unreanable searches and seizures shall not be prohibiting the free exercise thereof, and that the free exercise and enjoyment of religious profession and worship without

discrimination or preference shall forever be allowed. To Investigate Land Titles. It will be the duty of the commission to make a thorough investigation into the titles to the large tracts of land held or claimed by individuals or by religious or-ders; into the justice of the claims and complaints made against such land-hold-ers by the people of the island or any part of the people, and to seek by wise and peaceable measures a just settle-ment of the controversies and recress of ment of the controversies and redress of wrongs which have caused strife and bloodshed in the past. In the performance of this duty the commission is enjoined to see that no injustice is done; to have regard for substantial rights and equity, disregarding technicalities so far as substantial right permits, and to observe the following rules:

Encouraging Reports. Later reports from the commission show yet more encouraging advance toward insuring the benefits of liberty and good government to the Filipinos, in the interest of humanity and with the aim of building up an enduring, self-supporting and self-administering community in those far eastern seas. I would impress upon the congress that whatever legisla-tion may be enacted in respect to the Phil-ippine islands should be along these gen-erous lines. The fortune of war has erous lines. The fortune of war has thrown upon this nation an unsought trust which should be unselfishly discharged, and devolved upon this government a moral as well as material responsibility toward these millions whom we have freed from an oppressive voke.

have freed from an oppressive yoke. "Wards of the Nation." I have upon another occasion called the filipinos "the wards of the nation." Our Filipinos 'the wards of the nation." Our obligation as guardian was not lightly assumed; it must not be otherwise than honestly fulfilled, aiming first of all to benefit those who have come under our fostering care. It is our duty so to treat them that our flag may be no less beloved in the mountains of Luzon and the fertile zones of Mindanao and Negros than it is at home, that there as here it that he the revered symbol of liberty shall be the revered symbol of liberty

shall be the revered symbol of liberty, enlightenment and progress in every avenue of development.

The Filipinos are a race quick to learn and to profit by knowledge. He would be rash, who, with the teachings of contemporaneous history in view, would fix a limit to the degree of culture and advancement yet within the reach of those people if our duty toward them be faithfully performed.

Porto Rico. Porto Rico.

The civil government of Porto Rico provided for by the act of the congress, approved April 12, 1990, is in successful operation. The courts have been established. The governor and his associates, working intelligently and harmonicusly, are meeting with commendable success. On the 6th of November a general election was held in the island for members of the legislature, and the body elected has been called to convene on the first Monday of December. Monday of December.

I recommend that legislation be enact

I recommend that legislation be enacted by the congress conferring upon the secretary of the interior supervision over the public lands in Porto Rico, and that he be directed to ascertain the location and quantity of lands the title to which remained in the crown of Spain at the date of cession of Porto Rico to the United States, and that appropriations necessary for surveys be made, and that the methods of the disposition of such lands be prescribed by law. Dealings with Cuba. The present conditions in Cuba are referred to, citing the call for the election of delegates to a constitutional conven-tion and the meeting of the convention which is now in session, and closes this

part of his message with the following: When the convention concludes its la-bor I will transmit to the congress the constitution as framed by the conven-tion for its consideration and for such action as it may deem advisable. The Army.

An increase in the regular army is recommended, and the need of soldiers shown. After saying that we need at least 26,000 troops at home to care for our expensive fortifications and ordnance, he continues:

We have in Cuba between 5,000 and 6,000 troops. For the present our troops in that troops. For the present our troops in that island cannot be withdrawn or materially diminished, and certainly not until the conclusion of the labors of the constitutional convention now in session and a govern-ment provided by the new constitution shall have been established and its stability

a general observance of the salutary rules to which I have referred.

"The whole question is so important and far-reaching that I am sure no part of it will be lightly considered, but every phase of it will have the studied deliberation of congress, resulting in wise and judicious action.

assured.

In Porto Rico we have reduced the gar-risons to 1,635, which include 896 native troops. There is no room for further reduction here. We will be required to duction here. We will be required to the pine islands for some time to come. From the best information obtainable we shall need there for the immediate future from late future from 50,000 to 60,000 men. I am sure the num-ber may be reduced as the insurgents shall come to acknowledge the author-ity of the United States, of which there are assuring indications.

It may be apparent that we will require an army of about 60,000, and that during present conditions in Cuba and the Philippines the president should have authority to increase the force to the present number of 100,000. Included in this number authority should be given to raise native troops in the Philippines up to 15,000, which the Taft commission believe will be more effective in detecting and suppressing guerrillas assaging and and suppressing guerrillas, assassins and Ladrones than our own soldiers.

The full discussion of this subject by the secretary of war in his annual report

evidences which point to these conclusions are presented in detail in the annual reare presented in detail in the annual re-port of the postmaster general which with its recommendations is recommended to the consideration of the congress. The full development of this special service, how-ever, requires such a large outlay of money that it should be undertaken only after a careful study and thorough understanding of all that it involves.

The Navy. The recommendations of the secretary of the navy for more ships and an increase in the personnel of the navy are approved, as well as those of the establishment of a national naval reserve and suitable recognition for all officers who rendered distinguished service during the war with Snain

war with Spain. Progress in Hawaii,

The progress and development of Ha-wail is noted and attention called to the needs of the islands as follows: In the territorial act of April 30, 1900, section 7 of said act repeals chapter 34 of the civil laws of Hawaii, whereby the

is referred to as follows:

The director of the census states that the work in connection with the twelfth census is progressing favorably. This national undertaking, ordered by the congress each decade, has finally resulted in the collection of an aggregation of statistical facts to determine the industrial growth of the country, its manufacturing and mechanical resources, its richness in mines and forests, the number of its agriculturists, their farms and products, its educational and religious opportunities, as well as questions pertaining to sociological conditions.

conditions.

The labors of the officials in charge of the bureau indicate that the law of March 3, 1899, requiring the completion of the four important and most desired subjects, namely, population, agricultural, manufacturing and vital statistics, will be completed within the prescribed limit.

within the prescribed limit. Our Public Lands.

The total area of public lands as given by the secretary of the interior is approximately 1,071,881,662 acres, of which \$17,-935,890 acres are undisposed of, and 154,745,782 acres have been reserved for various purposes. The public lands disposed of during the year amount to 13,463,887,96 acres, including 62,423.69 acres of Indian lands, an increase of 4,271,474.80 over the preceding year. The total receipts from the sale of public lands during the fiscal year were \$4,379,758.10. an increase of \$1,309,-620.76 over the preceding year.

The results obtained from our forest policy have demonstrated its wisdom and the necessity in the interest of the public for its continuance and increased appropriations by the congress for the car-Our Public Lands. propriations by the congress for the carrying on of the work. On June 30, 1900, there were 37 forest reserves, created by presidential proclamations under section 24 of the act of March 3, 1891, embracing an area of 46,425,529 acres.

Pensions. The number added to the rolls during the year was 45.344. The amount disbursed for army pensions during the year was \$124,700,597.24, and for navy pensions \$3,761,523.41, a total of \$128,462,120.65, leaving an unexpended balance of \$5,542,768.25 to be covered into the treasury, which shows an increase over the previous year's expenditure of \$107,077.70. There were 684 names added to the rolls during the year by special acts passed at the were 684 names added to the rolls during the year by special acts passed at the first session of the Fifty-sixth congress. The act of May, 1900, among other things provided for an extension of income to widows pensioned under said act to \$250 per annum. The secretary of the interior believes that by the operations of this act the number of persons pensioned under it will increase and the increased annual payment for pensions will be between \$3,000,000 and \$4,000,000.

The government justly appreciates the The government justly appreciates the services of its soldiers and sailors by making pension payments liberal beyond precedent to them, their widows and orphans.

Agriculture. The department of agriculture has been The department of agriculture has been extending its work during the past year, reaching farther for new varieties of seeds and plants; cooperating more fully with the states and territories in research along useful lines; making progress in meteorological work relating to lines of wireless telegraphy and forecasts for ocean-going vessels; continuing inquiry as to animal disease; looking into the extent and character of food adulteration; outlining plans for the care. the extent and character of food adulteration; outlining plans for the care, preservation and intelligent harvesting of our woodlands; studying solls that producers may cultivate with better knowledge of conditions, and helping to clothe desert places with grasses suitable to our arid regions. Our island possessions are being considered that their peoples may be helped to produce the tropical products now so extensively brought into the United States. Inquiry into methods of improving our roads has been active during the year; help has been given to many localities, and scientific investigation of material in the states and territories has been inaugurated. Irrigation

ritories has been inaugurated. Irrigation problems in our semi-arid regions are receiving careful and increased consider-Civil Service for Philippines.

Civil Service for Philippines.

That there may be secured the best service possible in the Philippine Islands, I have issued, under date of November 10, 1900, the following order:

The United States civil service commission is directed to render such assistance as may be practicable to the civil service board, created under the act of the United States Philippine commission, for the establishment and maintenance of an honest and efficient civil service in the Philippine islands, and for that purpose to conduct examinations for the civil service of the Philippine islands, upon the fequest of the civil service board of said islands, under such regulations as may be agreed upon by the said board and the said United States civil service commission.

The civil service commission is greatly embarrassed in its work for want of an adequate permanent force for cierical and other assistance. Its needs are fully set forth in its report. I invite attention to the report, and especially urge upon the congress that this important bureau of the public service, which passes upon the qualifications and character of so large a number of the officers and employes of the government, should be supported by all number of the officers and employes of the government, should be supported by all needed appropriations to secure prompt-

ness and efficiency. Washington Celebration. The transfer of the government to this city is a fact of great historical interest. Among the people there is a feeling of Among the people there is a feeling of genuine pride in the capital of the re public.

It is a matter of interest in this connection that in 1800 the population of the District of Columbia was 14,093; to-day it is 278,718. The population of the city of Washington was then 3,210; to-day it is

Washington was then 3,210; to-day it is 218,196.

The congress having provided for "an appropriate national celebration of the centennial anniversary of the establishment of the seat of government in the District of Columbia," the committees authorized by it have prepared a programme for the 12th of December, 1900, which date has been selected as the anniversary day. Deep interest has been shown in the arrangements for the celebration by the members of the committees of the senate and house of representatives, the committee of governors appointed by the president, and the committees appointed by the citizens and inhabitants of the District of Columbia generally. The programme, in addition to a reception and other exercises at the executive mansion, provides commemorative exercises to be held jointly by the senate and house of representatives, and a reception in the evening at the Corcoran Gallery of Art in honor of the governors of the states and territories.

Conclusion. In our great prosperity we must guard against the danger it invites of an extravagance in government expenditures and apprepriations; and the chosen representatives of the people will, I doubt not, furnish an example in their legislation of that wise economy which in a season of plenty husbands for the future. In this era of great business activity and opportunity caution is not untimely. It will not abate, but strengthen, confidence. It will not retard, but promote, legitimate industrial and commercial expansion. Our growing power brings with it temptaagainst the danger it invites of an ex-Our growing power brings with it tempta-tions and perils requiring constant vigil-ance to avoid. It must not be used to in-vite conflicts, nor for oppression, but for the more effective maintenance of those principles of equality and justice upon which our institutions and happiness depend. Let us keep always in mind that the foundation of our government is lib-

erty; its superstructure, penci WILLIAM MUTNLEY Executive Mansion, Dec. 4, 1004.

Lieutenant-Commander W. H. H. Southerland, in Charge of the Naval Militia, Reports.

TWENTY-STATES HAVE ORGANIZATIONS.

The Practice Cruises of the Past Year Have Developed a Deal of Energy, Ability and Zeal Among Officers and Men-The Need of a Regular Naval Reserve.

Washington, Dec. 1 .- Lieutenant-Commander W. H. H. Southerland, the officer in charge of the naval militia, has made a special report to the navy department upon the operations of that organization during the past year. Twenty states are shown to have an organized naval militia, comprising in all 567 officers and 5,-309 petty officers and enlisted men. The naval appropriation act allotted the sum of \$60,000 for the militia, of which \$57,000 had been distributed among the 20 state organizations on January last.

Practice Vessels. The navy department assigned two vessels for the practice cruises of the militia, the Prairie, on the Atlantic coast, and the Michigan on the great lakes. Through lack of facilities a vessel on the Pacific seaboard was not assigned. Contingents from Louisiana, Georgia, Pennsylvania, New Jessey, Connecticut, Rhode Island and Maine took short cruises of about a week's duration on the Prairie, and the organizations of Ohio, Michigan and Illinois made practice trips on the lakes aboard the Michigan. These cruises developed a deal of energy,

ability and zeal among the officers and a like efficiency, together with a high state of discipline among the enlisted men. Need of a Naval Reserve. Lieutenant - Commander Southerland sets forth an array of facts to make obvious the absolute necessity of a national naval reserve, in addition to the present militia organizations, calling particular attention to the fact that this proposed innovation is not suggested with any view whatever of displacing the present naval At the end of the fiscal year there were on the pension roll 293,225 names, a net increase of 2,010 over the fiscal year 1898.

The number added to the fiscal year 1898.

The number added to the fiscal year 1898. Southerland, has no direct control whatever over these naval militia bodies. They are state organizations,

pure and simple, organized under

state laws, and thus it is that in the

event of war, no member is under any

obligation to answer a call of the president for any naval service. Possibility Pointed Out. Then, too, it is pointed out that cur opponent in a possible war of the future, may be a thoroughly-equipped. first-rate naval power, in striking contrast to our adversary of 1898, and that, therefore, it behooves the navy department to create some sort of reserve force, organized under the provisions of federal law, and operating under the direct control of the navy department, ready at a moment's notice to reinforce the regular fighting

strength of the navy. Status of Naval Reserve Officers. The status of the naval reserve officer would be well defined. He would hold a commission in the navy, signed by the president, and his name would be borne on the naval register. The primary, in fact, the sole object of the first naval reserve, the report says, would be the manning of the fleets: the overflow which would form the second reserves could be utlized by the navy department on many kinds of special duty.

LIQUOR TRAFFIC OF MANILA.

Statement Showing that the Traffic, Under Present Conditions, is Held in Control.

Washington, Dec. 1.-The devision of insular affairs of the war department has published a statement relative to the liquor traffic of Manila. It shows that the American authorities have increased the license fee from \$4 for each saloon to \$600 for saloons of the first class; \$250 for those of the second class; \$100 for the third class, and \$50 for the last class, selling only beer and light wine and located outside of the business district. The sale of the native drink, "Vino," has been forbidden to soldiers, as it is most harmful in its effects upon them. There were only 155 licenses outstanding on June 30 last, a decrease of 69 since the Americans licenses began. The barrooms are more orderly and keepers more careful in sales to drunken persons and in observing the opening and closing hours. No discharged American soldier holds a license. The Spaniards hold 66 licenses; Americans, 23; Filipinos, 26; negroes, 2; Chinese, 8; Japanese, 3, and persons of unknown nationality, 27.

CUBAN CUSTOMS RECEIPTS. Figures Given Out by the Division of Customs and Insular Affairs of

the War Department. Washington, Dec. 1 .- The division of customs and insular affairs of the war department has prepared for publication a statement showing that the total receipts from customs sources in Cuba for the ten months ending October 21, 1900, were \$13,215,-498, while for the same ten months of 1899, they were \$12,120,991, an in-

At the Minnesota Capital. St. Paul, Minn., Dec. 1 .- The mortal remains of the late United States Senator Cushman Kellogg Davis, which lay in state in the governor's room in the capitol, were viewed by hundreds of people, who silently filed

through the room. The catafalque was draped with the national colors and the coffin was surrounded with floral tributes. At its head, on an easel, rested an oil portrait of the dead statesman; at its foot the sword he carried through the civil war.